



Volume XXII

# The Real Estate TRENDS

MARCH 31  
1953

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Number 13

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

**T**HE present real estate and building boom seems to have all of the characteristics of a hardy perennial. During the past winter its activity diminished, but at all times it was apparent that considerable life was still in the plant.

With Easter just around the corner, new houses are now popping up like crocuses, and the sap is surging briskly through the whole real estate industry. Yes, even after a mild winter, spring can look awfully good.

## REAL ESTATE ACTIVITY

Indications are that sales volume will continue to move along at about its present rate for the next few months. The February reading of our real estate activity index is 19.4 points above normal. This level is slightly above the January level, but not quite so high as February 1952. Our guess is that the first half of the year will be better than the last half and may be better than the first half of 1952.

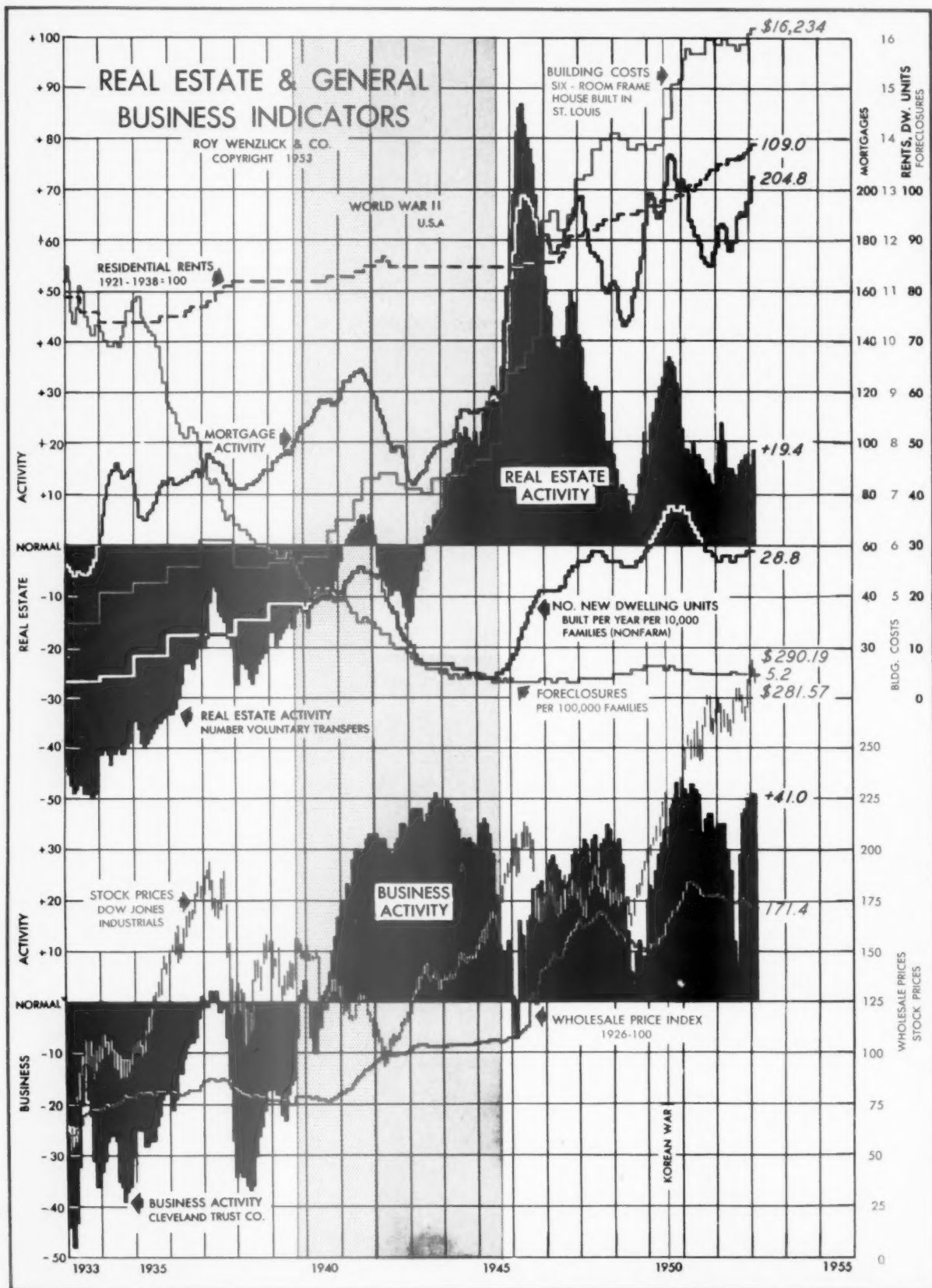
All of us know that an important source of real estate activity is widespread family migration. While no up-to-date reliable statistics are available on family migration, the amount of continuing industrial expansion indicates that migration must be heavy and that it will probably be heavy for some months to come.

## REAL ESTATE MORTGAGE ACTIVITY

This will probably be the best spring for the past several years insofar as mortgage activity is concerned. Activity in February, as measured by our mortgage activity index, was higher than any February in the past 23 years.

Ever since July 1952, our mortgage activity index has been moving up. In June 1952 it stood at 176.4, and its February level is 204.8. This is a rise of 28.4 points. While this looks good on the chart, we suspect that the rise is not as healthy as one might think. Undoubtedly the number of second mortgages is increasing, and since we have no way of separating them from the statistics we gather, a part of this rise is a result of this increase in the number of second mortgages.

Total dollar volume is continuing at a high level, however, and the interest rates are creeping up. We look for a large volume of mortgages during this year



at a slowly rising interest rate. As in the case of real estate activity, we expect the first half year to be better than the last half.

## RESIDENTIAL CONSTRUCTION VOLUME

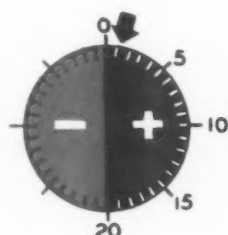
There were 77,000 nonfarm residential units started in February of this year. While this is 700 units short of the February 1952 figure, the total starts for the first 2 months of this year are 5,400 ahead of January-February 1952.

Our guess is that the homes built this year will be better bargains than those built during the past 2 or 3 years. We doubt whether prices will be shaved much, but there will be "more house." The rooms will be bigger and there will be more livability. The use of air conditioning in new homes will also show an increase. In areas south of the Mason-Dixon, lack of air conditioning in newly built higher-priced homes will soon make them more difficult to finance.

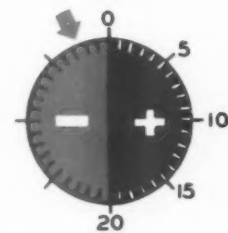
The Housing and Home Finance Agency has recently published an interesting booklet. The name of it is The Materials Use Survey, and it is a study of the characteristics of one-family homes built in the United States during the first half of 1950. That half year was selected because it represented the most recent period when house construction was free of materials and credit controls.

(cont. on page 118)

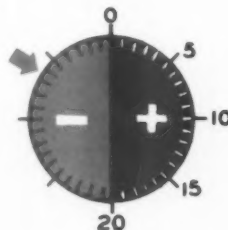
## REAL ESTATE SALES PRICE COMPARISONS IN FEBRUARY 1953



With preceding  
month **+1.0%**



With same month  
preceding year  
**-2.4%**



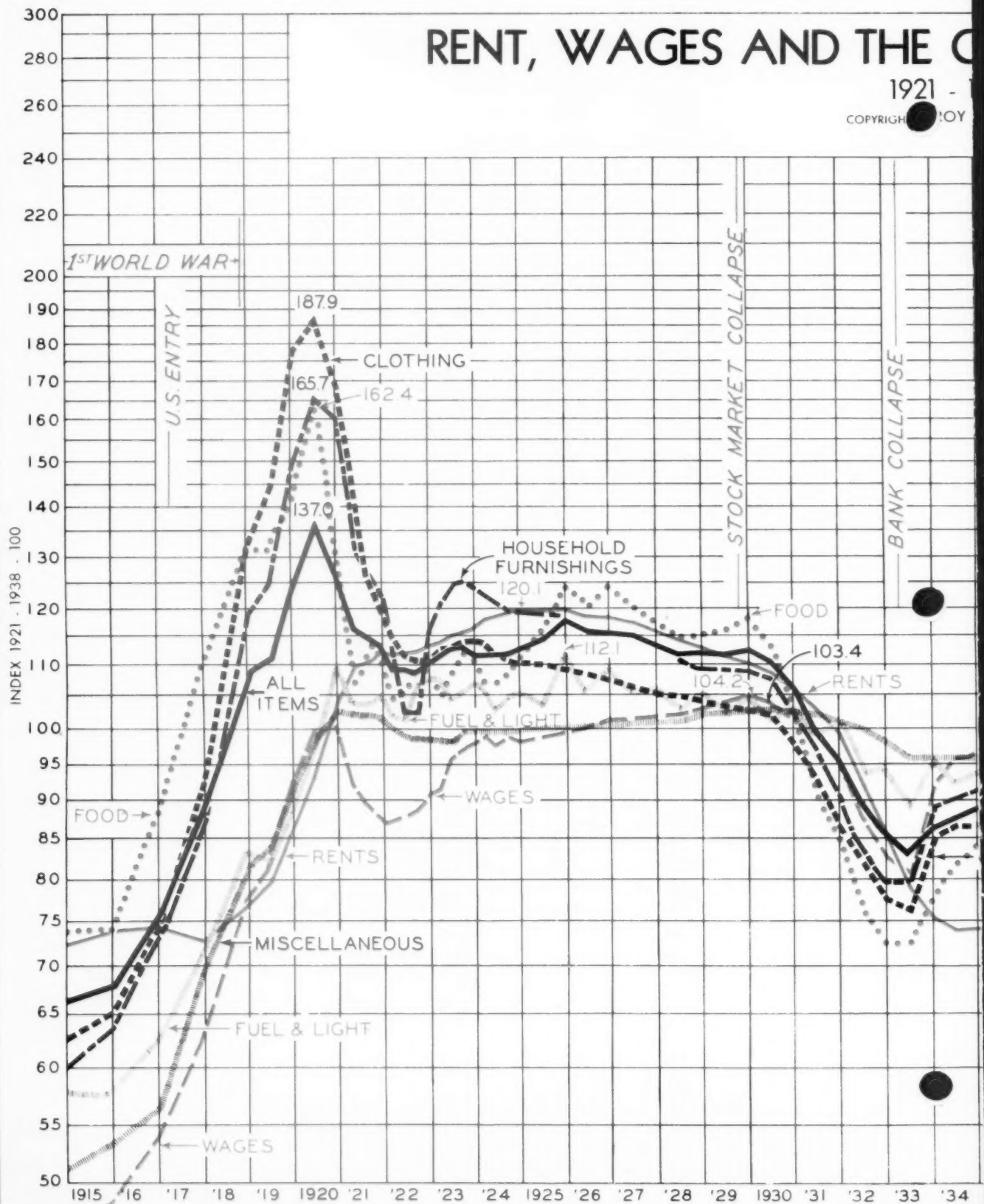
With peak (October  
1951 and June 1952)  
**-6.5%**

Date	Selling price index	Probable selling price of a house that sold for \$5,000 in 1939
1939	100	\$ 5,000
1940 (2nd half)	110	5,500
June '52 & Oct. '51 peak	310	15,500
Dec. '52	276	13,800
Jan. '53	287	14,350
Feb. '53	290	14,500

# RENT, WAGES AND THE C

1921 -

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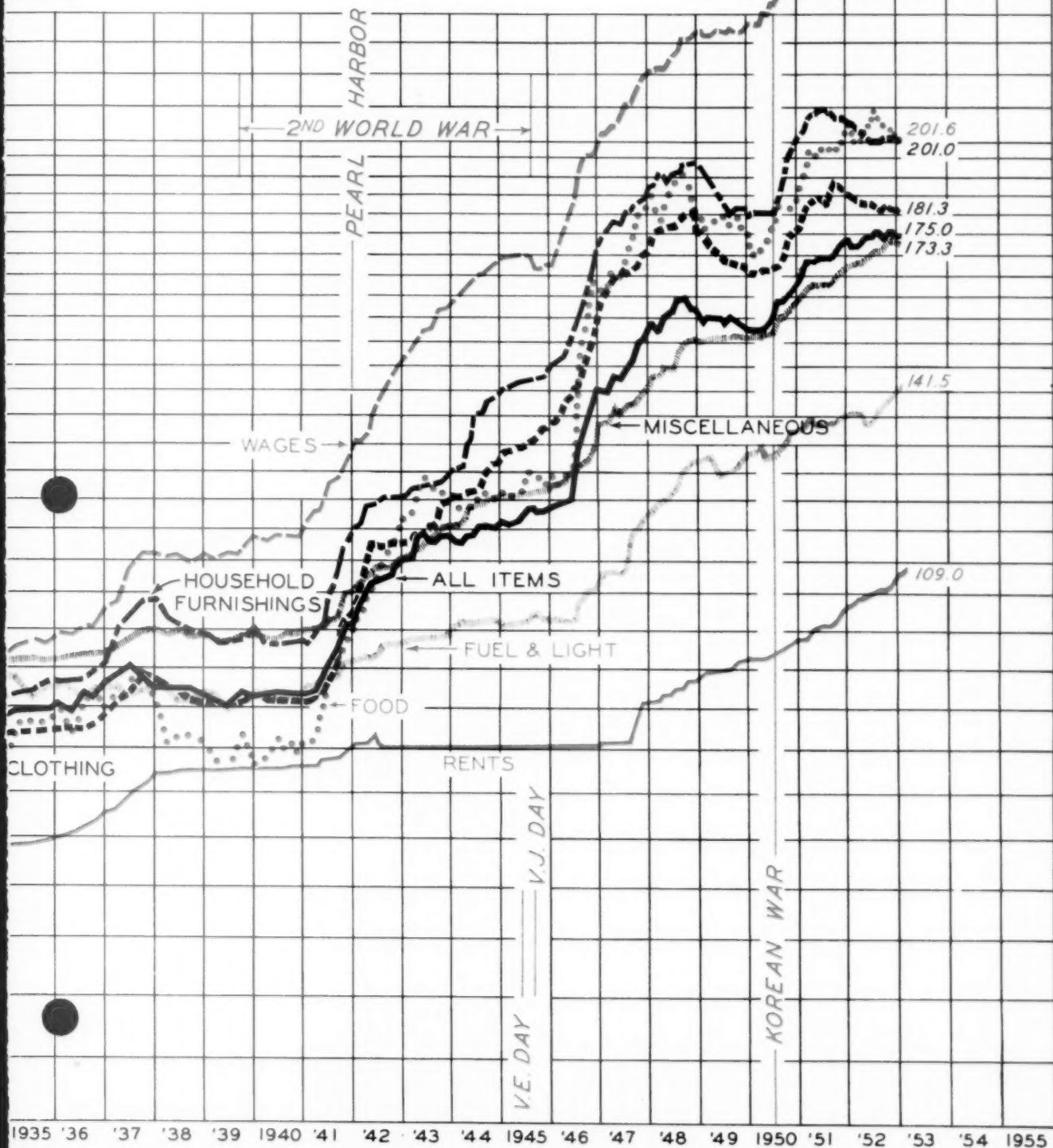




# COST OF LIVING IN THE U. S.

1938 = 100

WEEK & CO. - 1953



(cont. from page 115)

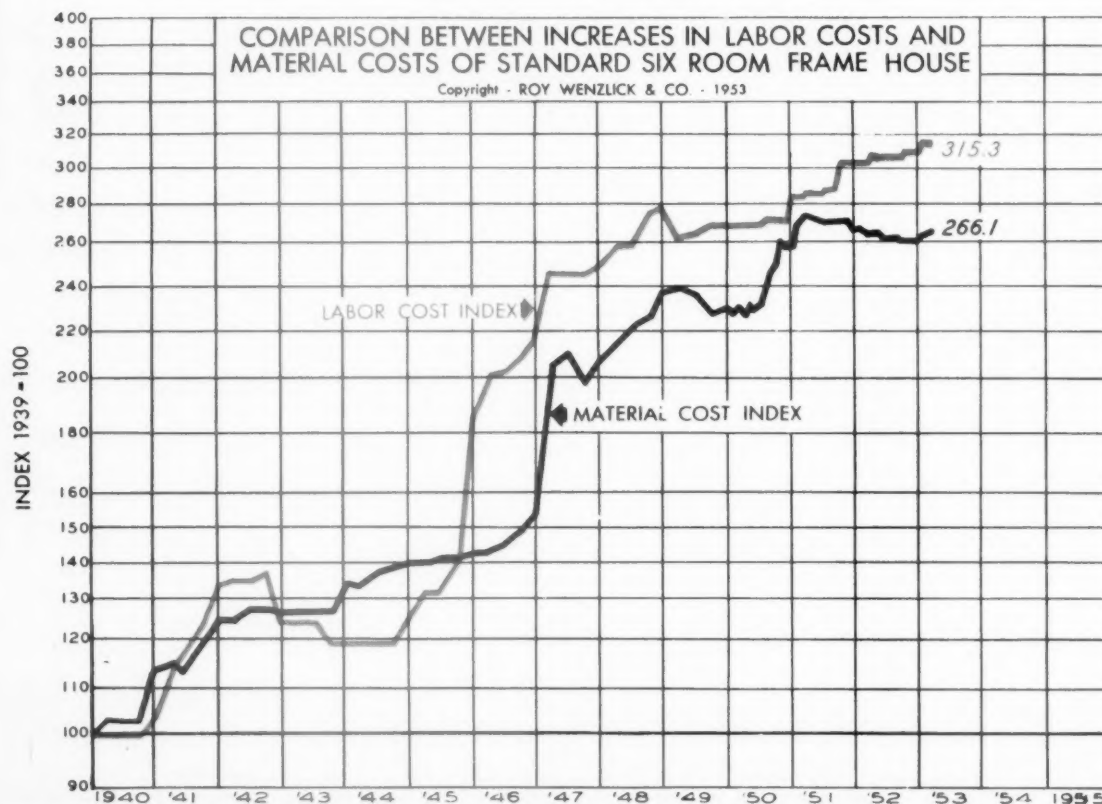
According to this report, the average home built in the first half of 1950 had an area of 983 square feet, or 16% less than the average new home built in 1940. Only 8% of the 1950 homes had more than one bathroom, while in 1940 this figure was 20%.

In 1940, 80% of the new homes included garages or carports, while only 47% of the new homes built in the first half of 1950 had them. Only 26% of the 1950 new houses had termite protection, whereas 55% of the new 1940 houses were so equipped.

The high cost of laying brick is reflected in the more widespread use of concrete block. In the 1940 new homes only 6% of the masonry houses used concrete block for facing, whereas by 1950 this figure had increased to 42%. Another radical change is shown by the increase in dry wall construction. In the new homes of 1940, only 10% used dry wall, while 50% of the new homes built in 1950 used this type of construction.

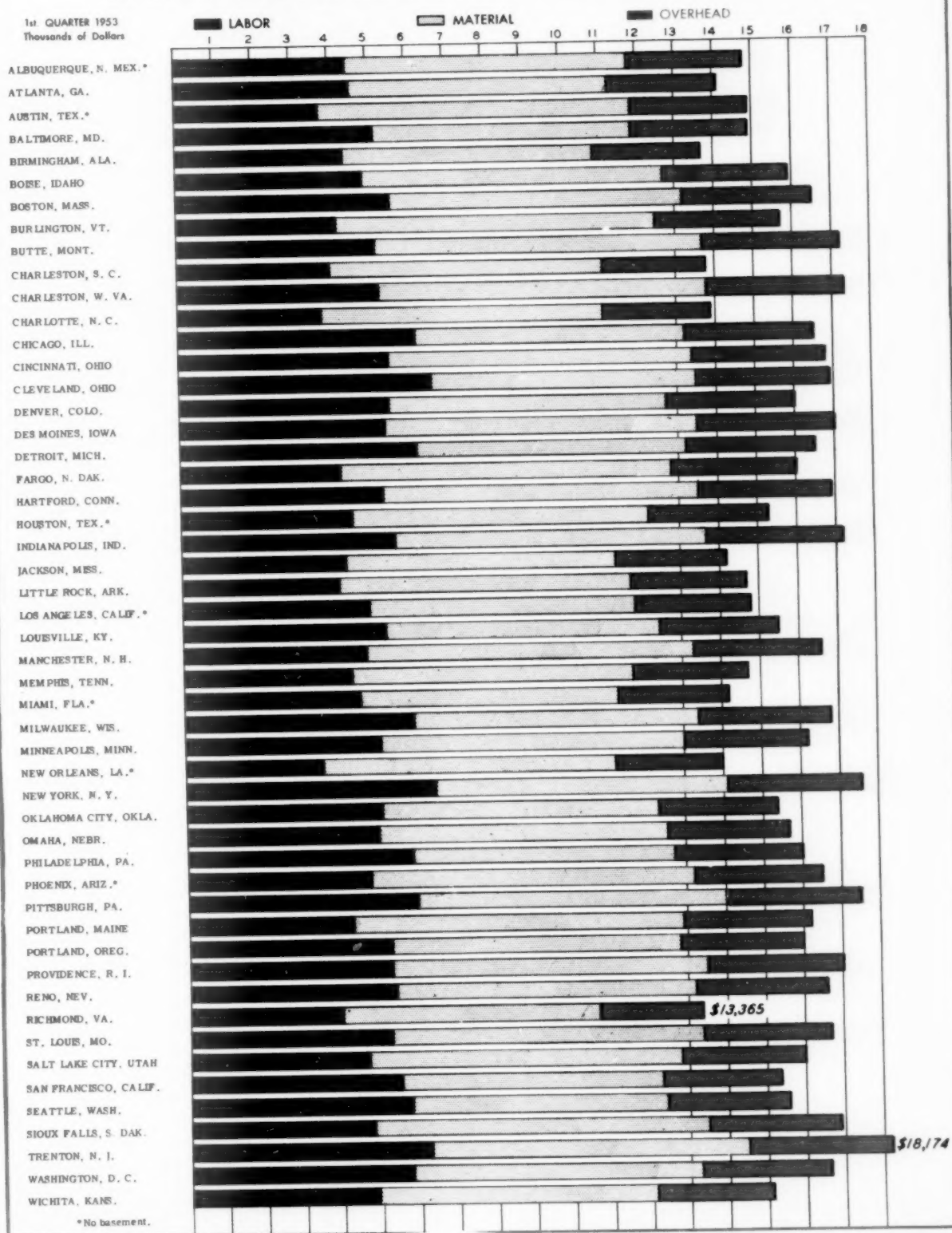
Ceiling and wall insulation has also shown wide increases. Of the new homes built in 1940, only 25% had ceiling insulation and 10% had wall insulation. In those homes built in the first half of 1950, these percentages had increased to 83% and 34%, respectively.

(cont. on page 120)



# BREAKDOWN OF TOTAL CONSTRUCTION COSTS OF A STANDARD SIX ROOM FRAME HOUSE BY LABOR, MATERIAL AND OVERHEAD

1st QUARTER 1953  
Thousands of Dollars



\*No basement.

(cont. from page 118)

Better quality was also reflected in the increased use of copper or brass water lines. Only 29% of the 1940 new homes were equipped with this type water line, but 46% of the new homes of 1950 were so equipped.

These are only a few excerpts from The Materials Use Survey. There are many pages of interesting regional and national comparisons. If you want a copy, write to the Housing and Home Finance Agency, Office of the Administrator, Division of Housing Research, Washington, D. C.

#### REAL ESTATE SALES PRICES AND RESIDENTIAL CONSTRUCTION COSTS

While construction costs seem to rise habitually, we believe that the real estate sales price rise is seasonal (see charts on pages 115, 118 and 119). Our real estate sales index rose again in February and will probably go up again in March, but this is partly a seasonal rise. We think that the trend of real estate sales prices is definitely down, and sellers should face the facts and agree to realistic listings. On the other hand, construction costs continue to inch upward from one all-time peak to the next. They may go a trifle higher, but by year's end we expect them to be slightly - only slightly - below their present level. Probabilities are that prices of existing homes will fall more this year than will construction costs.

